

DEFENSE LOGISTICS AGENCY
DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE REUTILIZATION & MARKETING SERVICE ACTIVITY GROUP
FISCAL YEAR (FY) 2004 BUDGET ESTIMATES
ACTIVITY GROUP CAPITAL INVESTMENT SUMMARY
(\$ IN MILLIONS)

Line Number	Item Description	FY 2002		FY 2003		FY 2004		FY 2005	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
REP 000	EQUIPMENT (Non ADP/T) \$0.1 to \$0.499	9	1.6	3	0.8	5	0.5	5	0.5
PRD 000	Replacement	9	1.6	3	0.8	5	0.5	5	0.5
NEW 000	Productivity								
	New Mission								
REP 100	EQUIPMENT (Non ADP/T) \$0.5 to \$0.999	0	0.0	0	0.0	0	0.0	0	0.0
PRD 100	Replacement								
NEW 100	Productivity								
	New Mission								
REP 200	EQUIPMENT (Non ADP/T) \$1.0 and Over	0	0.0	0	0.0	0	0.0	0	0.0
PRD 200	Replacement								
NEW 200	Productivity								
	New Mission								
	<u>TOTAL EQUIPMENT (Non ADP/T)</u>	9	1.6	3	0.8	5	0.5	5	0.5
ADP 000	ADP/T EQUIPMENT \$0.1 To \$0.499					1	0.2	1	0.1
ADP 100	ADP/T EQUIPMENT \$0.5 To \$0.999	1	0.6						
ADP 200	ADP/T EQUIPMENT \$1.0 and Over								
	<u>TOTAL EQUIPMENT (ADP/T)</u>	1	0.6	0	0.0	1	0.2	1	0.1
SWD 000	SOFTWARE DEVELOPMENT \$0.1 To \$0.499								
SWD 100	SOFTWARE DEVELOPMENT \$0.5 To \$0.999								
SWD 200	SOFTWARE DEVELOPMENT \$1.0 and Over		3.0		1.3		2.0		1.0
	<u>TOTAL SOFTWARE DEVELOPMENT</u>		3.0		1.3		2.0		1.0
RPM 000	<u>MINOR CONSTRUCTION</u>		3.0		6.0		5.0		3.0
	<u>TOTAL AGENCY CAPITAL INVESTMENTS</u>	10	8.2	3	8.1	6	7.7	6	4.7
	Total Capital Outlays		19.0		11.5		12.6		6.7
	Total Depreciation Expense		10.4		10.7		9.2		8.7

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission FISCAL YEAR (FY) 2004 BUDGET ESTIMATES		
B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2003				C. Line Number & Item Description REP 000 Replacement Equipment \$0.1 to \$0.499						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Total REP 000	9	174	1,566	3	271.7	815	5	104.6	523	5	104.6	523
<p>Narrative Justification:</p> <p>These investments, tool carriers to replace existing items that have reached or exceeded the useful life established for these categories. Based on guidance contained in various Department of Defense (DoD) governing policies, the Defense Logistics Agency (DLA) has established replacement and life expectancy standards for all categories of investment equipment. The standards are based on life expectancy with consideration given to condition, usage hours, and/or repair costs. DLA establishes age, utilization and repair standards based on industry information and experience in the absence of DoD acquisition and replacement criteria relative to unusual categories of equipment.</p> <p>FY 2004 projects include: five tool carriers (\$104,600) at DRMOs Campbell, Grand Forks, Portsmouth, Pensacola, and Fairbanks..</p> <p>The Savings to Investment Ratio (SIR) on each one of the projects is 3.44 and the discounted payback is 3.4 years.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2004-2009 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2003				C. Line Number & Item Description ADP 000 \$0.1 to \$0.499						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
<u>ADP 000</u>									180			140
<p>Narrative Justification:</p> <p>The FY 2004 investment is for replacement of the existing Private Branch Exchange (PBX) system at DRMO Lewis. The upgrade will be from the current single-line telephone system to a GSA Schedule Inter-Tel PBX system that will provide a digital/analog/Voice over IP (VoIP) system. The existing system is at the end of the useful life cycle. The new system will be technologically superior and operate at a lower cost.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2004-2009 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2003				C. Line Number & Item Description SWD 000 Software Development						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Unit Cost	Total Cost
Software Development			2,986			1,330			1,970			1,000
<p>Narrative Justification:</p> <p>System changes are required for the DRMS Automated Information System (DAISY). In FY 2004, changes are required in support of the Auditable Financial Accounting System. At present, DRMS financial information is disjointed and not readily accessible. DRMS needs to improve access and analysis of the financial transactions from the receipt and disposal process. Improved access to DRMS financial information is critical to increasing the accountability of the disposal property, providing better information for decision-making, and increasing the efficiency and effectiveness of the services provided by the DRMS to its clients. This change will also provide DRMS with the ability to provide consolidated, customer centric, product related, or business unit aggregated reports from one source. Development will be performed internally.</p>												

Activity Group Capital Investment Justification (Dollars in Thousands)										A. Budget Submission Fiscal Year (FY) 2004-2009 Budget Estimates		
B. Component/Activity Group/Date Defense Logistics Agency Reutilization & Marketing Service Activity Group February 2003				C. Line Number & Item Description RPM 000 Minor Construction						D. Activity Identification		
Element of Cost	FY 2002			FY 2003			FY 2004			FY 2005		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Minor Construction			2,996			6,000			5,000			3,000
<p>Narrative Justification:</p> <p>The minor construction investment for projects (costing between \$100,000 and \$750,000 each) will construct new, replace existing, or modify current facilities to enhance mission performance. These projects include:</p> <ol style="list-style-type: none"> 1. Upgrading security facilities (gates, fences, lighting) to meet current standards 2. Adding paving for open storage, road networks and parking 3. Altering facilities to accommodate mission consolidation and relocation 4. Renovation of demilitarization facilities 5. Incidental improvements associated with facilities repair projects <p>These investments will result in the recapitalization of the facilities necessary for the cost effective performance of the DRMS mission.</p>												

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FISCAL YEAR (FY) 2004 BUDGET ESTIMATES
CAPITAL BUDGET EXECUTION
FEBRUARY 2003
(DOLLARS IN MILLIONS)

PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2002	Equipment except ADPE & TELCOM:	1.6	3.2	1.6	1.6	
	Replacement <\$500K	1.6	3.2	1.6	1.6	
	Productivity <\$500K	0.0	0.0	0.0	0.0	
2002	Equipment - ADPE & TELCOM:	(0.6)	0.0	0.6	(0.6)	
	Base Level Support	(0.6)	0.0	0.6	(0.6)	Emergent requirement
2002	Software Development:	0.6	3.6	3.0	0.6	
		0.6	3.6	3.0	0.6	Reprogrammed for ADP Equip
2002	Minor Construction:	3.0	6.0	3.0	3.0	Projects cancelled
	Total FY 2002	4.6	12.8	8.2	4.6	

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PROJECTS ON THE FY 2003 PRESIDENT'S BUDGET

FY	Approved Project	Reprogs	Approved Proj Cost	Current Proj Cost	Asset/ (Deficiency)	Explanation
2003	Equipment except ADPE & TELCOM:	0.0	0.8	0.8	0.0	
	Replacement <\$500K	0.0	0.8	0.8	0.0	
	Productivity <\$500K	0.0	0.0	0.0	0.0	
2003	Equipment - ADPE & TELCOM:	0.0	0.0	0.0	0.0	
		0.0	0.0	0.0	0.0	
2003	Software Development:	0.0	1.3	1.3	0.0	
	DAISY SCR's	0.0	1.3	1.3	0.0	
2003	Minor Construction:	0.0	6.0	6.0	0.0	
	Total FY 2003	0.0	8.1	8.1	0.0	